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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: :
: Chapter 11
: Case Nos. 00-41065 (SMB)
RANDALL’S ISLAND FAMILY GOLF : through 00-41196 (SMB)
CENTERS, INC., et al, :
: (Jointly Administered)
Debtors. :
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**MOTION PURSUANT TO BANKRUPTCY RULE 9019
FOR APPROVAL OF A STIPULATION AND
ORDER GRANTING LIMITED RELIEF FROM
THE STAY TO ALLOW RACHEL HEISLER,
INDIVIDUALLY AND AS A NATURAL GUARDIAN OF
NATHAN SHEINFELD TO PURSUE LITIGATION**

TO THE HONORABLE STUART M. BERNSTEIN,
CHIEF UNITED STATES BANKRUPTCY JUDGE:

Family Golf Centers, Inc., Golden Bear Golf Centers, Inc., and Family Golf Centers, Inc.
d/b/a Golden Bear Golf Centers (collectively “Family Golf”), three of the above-captioned
debtors and debtors-in-possession (collectively, the “Debtors”), by their counsel, hereby submits
this motion (the “Motion”), pursuant to Rule 9019 of the Federal Rules of Bankruptcy
Procedure for approval of a stipulation and order (the “Stipulation and Order”), annexed hereto
as Exhibit A, granting limited relief from the stay to allow Rachel Heisler, Individually and as a
Natural Guardian of Nathan Sheinfeld (the “Claimants”) to pursue litigation.

In support of this Motion, the Debtors respectfully represent as follows:

BACKGROUND

1. On June May 4, 2000 (the “Filing Date”), each of the Debtors filed with this Court separate voluntary petitions for relief under chapter 11 of title 11, U.S. Code (the “Bankruptcy Code”). By Order of this Court dated as of the Filing Date, the Debtors’ chapter 11 cases are being jointly administered. Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the Debtors are continuing to operate their businesses and manage their properties as debtors-in-possession.

2. The Claimants commenced an action against Family Golf on July 9, 1998, in the Supreme Court of New York, Westchester County (the “State Court Action”).

3. This action involves personal injury and negligence claims for injuries allegedly suffered by Nathan Sheinfeld while using facilities owned and operated by Family Golf.

4. As a result of the commencement of the Debtors’ cases, and as of the Filing Date, the continuation of the State Court Action was stayed (the “Automatic Stay”).

THE SETTLEMENT

5. By this Motion, Family Golf is seeking approval of the Stipulation and Order, authorizing the Claimants to proceed with the State Court Action, solely for the purpose of determining the liability of, and damages against, Family Golf, if any.

6. The Claimants have agreed that they will collect any judgement or settlement solely from the proceeds of the Debtors’ insurance policies.

7. The Claimants have also agreed to waive, relinquish and discharge any claim that they may have or may have against the Debtors, including Family Golf and the assets of the

estate, including, without limitation, with respect to any deductibles under the insurance policies or any deficiency that may arise by virtue of a judgment obtained in excess of the limits of the insurance coverage of the Debtors.

RELIEF REQUESTED AND REASONS THEREFOR

8. Rule 9019(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), which governs approval of compromises and settlements provides as follows:

On motion by the Trustee, and after a hearing on notice to creditors, the Debtor...as provided in Rule 1002(a) and to such other entities as the court may designate, the Court may approve a compromise or settlement.

9. Approval of a proposed compromise and settlement is within the sound discretion of the Court. Protective Comm. for Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson, 390 U.S. 414, reh'g denied, 391 U.S. 909 (1968); In re W.T. Grant Co., 699 F.2d 599 (2d Cir. 1983), cert. denied, 464 U.S. 822 (1984). In approving the compromise and settlement, the Court is required to make an "informed and independent judgment" as to whether the compromise and settlement is fair and equitable based on an:

"[e]ducated estimate of the complexity, expense and likely duration of [any] litigation, the possible difficulties of collecting on any judgment which might be obtained, and all other factors relevant to a full and fair assessment of the wisdom of the proposed compromise. Basic to this process, in every instance of course, is the need to compare the terms of the compromise with the likely rewards of litigation.

Protective Comm. for Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson, 390 U.S. 414, 424-25. See American Can Co. v. Herpel (In re Jackson Brewing Co.), 624 F.2d 605, 607 (5th Cir. 1980); Chopin Assocs. v. Smith (In re Holywell Corp.), 93 B.R. 291, 294 (Bankr. S.D. Fla. 1988); In re Arrow Air, Inc., 85 B.R. 886, 891 (Bankr. S.D. Fla. 1988); In re Bell &

Beckwith, 77 B.R. 606, 611 (Bankr. N.D. Ohio 1987), aff'd, 87 B.R. 472 (N.D. Ohio 1987) Cf. Magill v. Springfield Marine Bank (In re Heissinger Resources Ltd.), 67 B.R. 378, 383 (C.D. Ill. 1986) ("the law favors compromise").

10. In determining whether to approve a proposed compromise and settlement a court should consider:

- (i) The probabilities of success should the case go to trial versus the benefits of the settlement without the delay and expense of a trial and subsequent appeals;
- (ii) The prospect of complex and protracted litigations if the settlement is not approved;
- (iii) The proportion of class members who support the settlement;
- (iv) The competency and experience of counsel who support the settlement;
- (v) The benefits believed to be received by the individuals or class;
- (vi) The extent to which the settlement is a product of arms length negotiating; and
- (vii) The releases to be obtained by the directors and officers as a result of the settlement.

In re Texaco, Inc., 84 B.R. 893 (Bankr. S.D.N.Y. 1988).

11. The Debtors believe that entering into this agreement will benefit the Debtors because it will limit the Claimants recovery, if any, to proceeds from the Debtors' insurance policies.

12. Settlement will also eliminate the expense of litigating should the Claimants bring a lift stay motion in order to resolve this matter.

13. Based upon the factual circumstances and the applicable law as described above, the Debtors submit that the compromise and settlement complies with the applicable standards.

NOTICE

14. Family Golf has provided notice of this Motion to (i) the Office of the United State Trustee, (ii) Berlack, Israels & Liberman, LLP, Counsel to the Official Committee of Unsecured Creditors, (iii) Morgan, Lewis & Bockius, LLP, counsel for The Chase Manhattan Bank, and (iv) Lucille A. Fontana, counsel for the Claimants. Family Golf believes that such notice is appropriate under the circumstances of this Motion and that any additional notice would not warrant the expense.

WHEREFORE, the Debtors respectfully request that the compromise and settlement described herein be approved, and that the Debtors be granted such other relief as is just.

Dated: New York, New York
March 26, 2001

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By /s/ Jonathan L. Flaxer
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